



FOR IMMEDIATE RELEASE
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Morgan Keegan States' Fund settlement checks to be distributed Nov. 5

Claimants should look for mailings from A.B.Data Ltd. re: MorganKeeganSettlement

FRANKFORT, KY – The state securities regulators from Alabama, Kentucky, Mississippi, South Carolina and Tennessee are notifying investors entitled to reimbursement from the recent Morgan Keegan settlement that their States' Fund distribution checks will be mailed Nov. 5, 2012. A.B. Data Ltd., as the Fund Administrator, will be mailing checks to all investors who filed an approved eligible claim within the claim filing period.

The settlement was a direct result of intensive multi-state, federal and self-regulatory organization investigations conducted against Morgan Keegan & Company (MKC) and Morgan Asset Management (MAM). The States' taskforce was led by Alabama, Kentucky, Mississippi, South Carolina and Tennessee in cooperation with state securities regulators from Arkansas, Florida, Georgia, Illinois, Louisiana, Missouri, North Carolina and Texas.

The investigation involved seven proprietary mutual bond funds created by MKC and sold by MKC broker-dealer agent to more than 34,000 account holders and others. The seven funds lost approximately \$1.5 billion from Jan. 1, 2007 to March 31, 2008. The states' Consent Orders against Morgan Keegan, Morgan Asset Management and James Kelsoe found the following violations:

- Failure to supervise agents;
- Failure to disclose risks of the funds in regulatory filings and in retail advertising material;
- Misclassification of fund holdings in regulatory disclosure filings;
- Dishonest and unethical practices in the securities business: Prohibited business practices - violating state, federal and SRO rules and suitability requirements;
- Violation of Broker-Dealer rules of conduct; and
- Failure to maintain required books/records (specifically advertising materials)

"We are very pleased that investors will be able to recoup some of their loss," said Securities Division Director Shonita Bossier. "While every eligible claimant may not be made whole, all will receive a portion of the Morgan Keegan settlement funds."

On Nov. 5, fund administrator, A.B. Data, will issue 1,930 checks totaling \$4,663,240 to Kentuckians.

As a result of the settlement, among other sanctions, MKC and MAM agreed to:

- Pay restitution to investors in the amount of \$200 million **(\$100 million to be distributed by the states on Nov. 5, 2012** and \$100 million to be distributed by the SEC [Securities and Exchange Commission] on a yet-to-be-determined date);
- Direct payment by MKC and MAM of the administrative expenses of both distribution funds so that all \$200 million in restitution will be distributed to investors;
- Cease & Desist from violating the various state securities Acts;
- Comply with the various state securities Acts;
- A permanent bar of Mr. Kelsoe from the securities industry and a \$500,000 civil penalty;
- Payment of \$10 million in civil penalties to be split among the states in which MKC/MAM operated; and
- A reimbursement payment to the North American Securities Administrators Association (NASAA) for joint task force expenses.

Investors with questions about the States' Fund Distribution should contact A.B. Data Ltd. at 1-888-208-9083.

Investors with questions about the SEC's Fair Fund Distribution should also contact A.B. Data Ltd. at 1-888-208-9083.